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The role of diamonds in fuelling conflict

Letter dated 29 January 2003 from the Permanent Representative of South Africa to the United Nations addressed to the President of the General Assembly

I have the honour to transmit herewith the final report on the Kimberley Process. You may recall that in paragraph 11 of its resolution 56/263 the United Nations General Assembly requested the countries participating in the Kimberley Process to submit to the General Assembly at its fifty-seventh session a report on progress made with regard to the implementation of the Kimberley Process Certification Scheme for rough diamonds.

The General Assembly also decided to include in the provisional agenda of its fifty-seventh session the item entitled "The role of diamonds in fuelling conflict". The present report was adopted at the last meeting of the Kimberley Process Certification Scheme, held at Interlaken, Switzerland, on 5 November 2002, but, owing to circumstances beyond our control, the report could not be made available during the main part of the fifty-seventh session of the General Assembly. The implementation of the Kimberley Process Certification Scheme started on 1 January 2003. A list of the participating countries is included in the report.

I kindly request that the report be circulated as a document of the General Assembly, which will be followed by a debate on a date to be determined by your good office. My Mission is currently in the process of holding informal consultations on a consensus draft resolution to be adopted immediately after the General Assembly debate on the Kimberley Process Certification Scheme.

(*Signed*) Dumisani S. **Kumalo**
Ambassador
Permanent Representative of the Republic of South Africa
to the United Nations

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Annex to the letter dated 29 January 2003 from the Permanent Representative of South Africa to the United Nations addressed to the President of the General Assembly

Report on the Kimberley Process to the General Assembly pursuant to resolution 56/263

Introduction

In paragraph 11 of its resolution 56/263 of 13 March 2002 the General Assembly requested the countries participating in the Kimberley Process to submit to the General Assembly, no later than its fifty-seventh session, a report on progress made with regard to the implementation of the Kimberley Process Certification Scheme for rough diamonds. Resolution 56/263 also records the decision by the General Assembly to include in the provisional agenda of its fifty-seventh session the item entitled "The role of diamonds in fuelling conflict".

Objectives of the Kimberley Process

The Kimberley Process was established through initiatives of Southern African diamond-producing countries in 2000:

(a) To stem the flow of rough diamonds used by rebels to finance armed conflict aimed at overthrowing legitimate Governments, thereby making a substantial contribution to international peace and security;

(b) To protect the legitimate diamond industry, upon which many countries are dependent for their economic and social development;

(c) To achieve the above through the creation and implementation of an international certification scheme for rough diamonds, based primarily on national certification schemes and on internationally agreed minimum standards.

Progress achieved

1. The Kimberley Process Certification Scheme (KPCS) was adopted at the ministerial meeting held at Interlaken, Switzerland, on 5 November 2002.

2. The simultaneous implementation of the KPCS started on 1 January 2003.

3. The Government of South Africa agreed to continue to chair the Kimberley Process during its first year of implementation.

4. The organized diamond industry announced a voluntary system of self-regulation, which will provide for a system of warranties underpinned through verification by independent auditors of individual companies and supported by internal penalties set by the industry. It is accepted that this will help to facilitate the full traceability of rough diamond transactions by relevant government authorities and the effective implementation of the KPCS.

5. The widening of participation in the KPCS was encouraged and facilitated. The Chair circulated a statement in this regard on 12 December 2002, which forms an integral part of the Kimberley Process Certification Scheme document.

Participation in the Kimberley Process

The following States and regional economic integration organizations became participants in the Kimberley Process Certification Scheme on 1 January 2003:

Angola, Armenia, Australia, Botswana, Brazil, Burkina Faso, Canada, Côte d'Ivoire, Central African Republic, China, Democratic Republic of the Congo, European Community, Gabon, Ghana, Guinea, India, Israel, Japan, Republic of Korea, Lao People's Democratic Republic, Lesotho, Mauritius, Mexico, Namibia, Norway, Philippines, Russian Federation, Sierra Leone, South Africa, Sri Lanka, Swaziland, Switzerland, Thailand, Ukraine, United Arab Emirates, United Republic of Tanzania, United States of America, Viet Nam and Zimbabwe.

Several other States have indicated that they intend becoming participants in the near future

Representatives of the organized diamond industry, notably the World Diamond Council, and civil society organizations remain actively involved in the Kimberley Process and will be attending plenary meetings as observers.

All States Members of the United Nations were notified of the launch of the KPCS in Interlaken, Switzerland, on 5 November 2002 and invited to indicate their interest in participation.

Representatives of the United Nations sanctions committees for Angola, Sierra Leone and Liberia, the Monitoring Mechanism on the situation in Angola as well as the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo were invited to plenary meetings of the Kimberley Process. In addition, a representative of the Security Council Monitoring Group established pursuant to resolution 363 (2001) attended the launch of the KPCS in Interlaken.

Meetings held

The Kimberley Process, chaired by South Africa, held two meetings after the adoption of resolution 56/263:

Ottawa, Canada, 18 to 20 March 2002

Interlaken, Switzerland, 4 and 5 November 2002 (ministerial).

The communiqué summarizing the proceedings in Ottawa and the Interlaken Declaration adopted on 5 November 2002 are attached as annexes 1 and 2.

Conclusion

The Kimberley Process is an ongoing international process that aims to detect and to prevent the trade in conflict diamonds. It is recommended that the United Nations take action to support the implementation of the Kimberley Process Certification Scheme as an instrument that would help ensure the effective implementation of the relevant resolutions of the Security Council containing embargoes on the trade in conflict diamonds, which are contributing to the promotion of international peace and security, as well as the relevant General Assembly resolutions as referred to in the KPCS. Support for the KPCS would also help to promote the legitimate diamond trade, which plays an important part in economic development, worldwide.

Annex 1

Final communiqué

Kimberley Process Meeting, Ottawa, 18-20 March 2002

The participants in the Kimberley Process met in Ottawa from 18 to 20 March 2002, to consider technical issues related to detailed proposals for an international certification scheme for rough diamonds. Thirty-seven countries and the European Community were represented at the meeting. Also participating were representatives of the World Diamond Council representing the diamond industry, and several non-governmental organizations. The participants expressed their gratitude to the Government of Canada for hosting the meeting and for the warm hospitality they had enjoyed.

Participants welcomed the resolution adopted by the General Assembly on 13 March 2002, by which the Assembly expressed firm support for the work being done by the Kimberley Process. Participants also affirmed the important progress achieved to date, including the declaration by ministers at the recent meeting at Gaborone, that the proposals developed by the Kimberley Process provided a good basis for the envisaged certification scheme.

The Ottawa meeting dealt with a number of outstanding technical implementation issues. The first concerned the compatibility of the international certification scheme for rough diamonds with international trade law obligations. The Government of Switzerland led the Working Group dealing with this issue. Participants intend to implement the scheme in a manner compatible with WTO rules in order to respond to the great humanitarian challenge posed by conflict diamonds. Participants agree to continue efforts to promote the widest possible participation in the proposed certification scheme for rough diamonds and further examination of WTO-related aspects at the request of participants.

The Working Group on Statistics, led by the Government of Canada, proposed technical clarifications to the text of annex III of the Framework Document, which were subsequently endorsed by the plenary. Reflecting the need to take into account the role of statistics in supporting effective implementation of the certification scheme, as well as the need to protect commercially sensitive information, these proposals further elaborated the scope and nature of the statistics to be collected and the frequency according to which these should be published.

The Working Group on Participant Measures, led by the Government of South Africa, clarified the question of the monitoring and implementation of the scheme. This clarification was endorsed by the plenary, allowing an earlier reservation to be withdrawn.

The meeting also considered the nature and scope of the administrative support services required for the optimal functioning of the international certification scheme for rough diamonds. This Working Group, convened by the representative of the European Community, provided an analysis of the tasks to be performed. The plenary concluded that a permanent secretariat would not be required at this stage. The convenor of the Working Group agreed to develop the analysis in more detail for later consideration by participants.

The meeting furthermore considered the layout and logo of Kimberley Process Certificates, and encouraged each participant to design its own certificate along common lines.

Each participant intends to concentrate its efforts on preparing for implementation of the international certification scheme. In this context, the participants accepted the invitation of the Government of Switzerland to host in November 2002 a plenary meeting with a view to the simultaneous launch of the certification scheme before the end of the year.

Annex 2

Interlaken Declaration of 5 November 2002 on the Kimberley Process Certification Scheme for rough diamonds

We, the Ministers and other Heads of Delegation of Angola, Australia, Botswana, Brazil, Burkina Faso, Canada, Côte d'Ivoire, China, Cyprus, the Czech Republic, the Democratic Republic of the Congo, the European Community, Gabon, Ghana, Guinea, India, Israel, Japan, the Republic of Korea, Lesotho, Malta, Mauritius, Mexico, Namibia, Norway, the Philippines, the Russian Federation, Sierra Leone, South Africa, Swaziland, Switzerland, Thailand, Ukraine, the United Arab Emirates, the United Republic of Tanzania, the United States of America and Zimbabwe, meeting at Interlaken, Switzerland, on 5 November 2002, on the occasion of the launch of the Kimberley Process Certification Scheme:

Reiterating our deep concern about the international trade in conflict diamonds, which can be directly linked to the fuelling of armed conflicts, the activities of rebel movements aimed at undermining or overthrowing legitimate Governments and the illicit traffic in, and proliferation of, armaments, especially small arms and light weapons. We are further concerned about the consequent devastating impact of such conflicts on the peace, safety and security of people in affected countries and the systematic and gross human rights violations that have been perpetrated in such conflicts;

Recalling General Assembly resolution 55/56, in which the Assembly called on the international community to give urgent and careful consideration to devising effective and pragmatic measures to address this problem, and resolution 56/263, in which the Assembly welcomed the detailed proposals for an international certification scheme for rough diamonds developed in the Kimberley Process and urged its finalization and subsequent implementation as soon as possible;

Expressing satisfaction with the proposals for an international certification scheme for rough diamonds developed by the participants in the Kimberley Process and presented to us in the form of a document entitled "Kimberley Process Certification Scheme";

Emphasizing that the widest possible participation in the Certification Scheme is essential and should be encouraged and facilitated; to that end, we invite all those involved in the trade in rough diamonds to join the Process without delay and if possible before 1 January 2003;

Welcoming the voluntary system of industry self-regulation, which will provide for a system of warranties underpinned through verification by independent auditors of individual companies and supported by internal penalties set by industry. This will help facilitate the full traceability of rough diamond transactions by relevant government authorities and the effective implementation of the Kimberley Process Certification Scheme;

Noting with appreciation the important contribution made by industry and civil society to the development of the Kimberley Process Certification Scheme;

Recognizing that, despite the important progress made within the context of the Kimberley Process to address the problem of conflict diamonds, the effective

implementation by participants of the Certification Scheme over the medium to longer term is of utmost importance for the success of the initiative;

Thanking the Government of Switzerland for hosting this ministerial meeting, as well as the Governments of South Africa, Namibia, Belgium, the Russian Federation, the United Kingdom, Angola, Botswana and Canada for hosting meetings of the Kimberley Process, in the lead-up to this meeting.

Declare that:

1. We adopt the international certification scheme for rough diamonds developed by the participants in the Kimberley Process and presented to us in the form of the document entitled "Kimberley Process Certification Scheme".

2. We remain committed to the simultaneous launch of the Certification Scheme beginning on 1 January 2003. Implementation will be based on our respective laws and internal systems of control meeting the standards established in the document. For applicants that decide to join after this date, the Scheme takes effect for them following notification to the Chair pursuant to section VI, paragraph 9.

3. We will ensure that the measures taken to implement the Kimberley Process Certification Scheme for rough diamonds will be consistent with international trade rules.

4. We note with appreciation the clear intention of Cyprus, the Czech Republic, Japan, Malta, Thailand and Ukraine to become participants in the Certification Scheme by the end of 2003.

5. We reaffirm our determination to monitor effectively the trade in rough diamonds in order to detect and to prevent trade in conflict diamonds. We consider the Kimberley Process Certification Scheme as an ongoing international process.

6. We thank the Government of South Africa for agreeing to Chair the Kimberley Process in the first year of its implementation.

7. We request our officials to review initial progress in implementation at the first formal meeting of the participants in the Kimberley Process, to be held early in 2003.

Interlaken, Switzerland, 5 November 2002

Annex to the Interlaken Ministerial Declaration

Statement by the European Community

The Community reserves the right to return to the listing of the European Community as participant to the Kimberley Process in the first recital of the Interlaken Declaration, if this is deemed necessary after the Council of the European Union has taken a decision thereon. The reservation does not in any way affect the political commitment of the European Community to implement the Kimberley Process Certification Scheme.

Kimberley Process Certification Scheme

Preamble

Participants,

Recognizing that the trade in conflict diamonds is a matter of serious international concern, which can be directly linked to the fuelling of armed conflict, the activities of rebel movements aimed at undermining or overthrowing legitimate Governments, and the illicit traffic in, and proliferation of, armaments, especially small arms and light weapons,

Further recognizing the devastating impact of conflicts fuelled by the trade in conflict diamonds on the peace, safety and security of people in affected countries and the systematic and gross human rights violations that have been perpetrated in such conflicts,

Noting the negative impact of such conflicts on regional stability and the obligations placed upon States by the Charter of the United Nations regarding the maintenance of international peace and security,

Bearing in mind that urgent international action is imperative in order to prevent the problem of conflict diamonds from negatively affecting the trade in legitimate diamonds, which makes a critical contribution to the economies of many of the producing, processing, exporting and importing States, especially developing States,

Recalling all of the relevant resolutions of the Security Council under Chapter VII of the Charter, including the relevant provisions of resolutions 1173 (1998), 1295 (2000), 1306 (2000) and 1343 (2001), and determined to contribute to and support the implementation of the measures provided for in these resolutions,

Highlighting General Assembly resolution 55/56 of 1 December 2000 on the role of the trade in conflict diamonds in fuelling armed conflict, by which the Assembly called upon the international community to give urgent and careful consideration to devising effective and pragmatic measures to address this problem,

Also highlighting the recommendation of the General Assembly in resolution 55/56 that the international community develop detailed proposals for a simple and workable international certification scheme for rough diamonds, based primarily on national certification schemes and on internationally agreed minimum standards,

Recalling that the Kimberley Process, which was established to find a solution to the international problem of conflict diamonds, was inclusive of concerned stakeholders, namely producing, exporting and importing States, the diamond industry and civil society,

Convinced that the opportunity for conflict diamonds to play a role in fuelling armed conflict can be seriously reduced by introducing a certification scheme for rough diamonds, designed to exclude conflict diamonds from the legitimate trade,

Recalling that the Kimberley Process considered that an international certification scheme for rough diamonds, based on national laws and practices and meeting internationally agreed minimum standards, would be the most effective system by which the problem of conflict diamonds could be addressed,

Acknowledging the important initiatives already taken to address this problem, in particular by the Governments of Angola, the Democratic Republic of the Congo, Guinea and Sierra Leone, and by other key producing, exporting and importing countries, as well as by the diamond industry, in particular the World Diamond Council, and by civil society,

Welcoming the voluntary self-regulation initiatives announced by the diamond industry and recognizing that such a system of voluntary self-regulation will contribute to ensuring an effective internal control system of rough diamonds based upon the international certification scheme for rough diamonds,

Recognizing that an international certification scheme for rough diamonds will be credible only if all Participants have established internal systems of control designed to eliminate the presence of conflict diamonds in the chain of producing, exporting and importing rough diamonds within their own territories, while taking into account that differences in production methods and trading practices as well as differences in institutional controls thereof may require different approaches to meet minimum standards,

Also recognizing that the international certification scheme for rough diamonds must be consistent with international law governing international trade,

Acknowledging that State sovereignty should be fully respected and the principles of equality, mutual benefits and consensus should be adhered to,

Recommend the following provisions:

Section I
Definitions

For the purposes of the international certification scheme for rough diamonds (hereinafter referred to as "the Certification Scheme") the following definitions apply:

- **Conflict diamonds** means rough diamonds used by rebel movements or their allies to finance conflict aimed at undermining legitimate Governments, as described in relevant Security Council resolutions insofar as they remain in effect, or in other similar Security Council resolutions which may be adopted in the future, and as understood and recognized in General Assembly resolution 55/56, or in other similar General Assembly resolutions which may be adopted in future.
- **Country of origin** means the country in which a shipment of rough diamonds has been mined or extracted.
- **Country of provenance** means the last Participant from which a shipment of rough diamonds was exported, as recorded on import documentation.
- **Diamond** means a natural mineral consisting essentially of pure crystallized carbon in the isometric system, with a hardness on the Mohs (scratch) scale of 10, a specific gravity of approximately 3.52 and a refractive index of 2.42.
- **Export** means the physical leaving and/or taking out of any part of the geographical territory of a Participant.

- **Exporting authority** means the authority (or authorities) or body (or bodies) designated by a Participant from whose territory a shipment of rough diamonds is leaving, and which is authorized to validate the Kimberley Process Certificate.
- **Free trade zone** means a part of the territory of a Participant in which any goods introduced are generally regarded, insofar as import duties and taxes are concerned, as being outside the customs territory.
- **Import** means the physical entering and/or bringing into any part of the geographical territory of a Participant.
- **Importing authority** means the authority (or authorities) or body (or bodies) designated by a Participant into whose territory a shipment of rough diamonds is imported to conduct all import formalities and, in particular, the verification of accompanying Certificates.
- **Kimberley Process Certificate** means a forgery-resistant document of a particular format which identifies a shipment of rough diamonds as being in compliance with the requirements of the Certification Scheme.
- **Observer** means a representative of civil society, the diamond industry, international organizations and non-participating Governments invited to take part in plenary meetings.
- **Parcel** means one or more diamonds that are packed together and that are not individualized.
- **Parcel of mixed origin** means a parcel that contains rough diamonds from two or more countries of origin, mixed together.
- **Participant** means a State or a regional economic integration organization for which the Certification Scheme is effective.
- **Regional economic integration organization** means an organization comprised of sovereign States that have transferred competence to that organization in respect of matters governed by the Certification Scheme.
- **Rough diamonds** means diamonds that are unworked or simply sawn, cleaved or bruted and fall under the relevant Harmonized Commodity Description and Coding System 7102.10, 7102.21 and 7102.31.
- **Shipment** means one or more parcels that are physically imported or exported.
- **Transit** means the physical passage across the territory of a Participant or non-Participant, with or without trans-shipment, warehousing or change in mode of transport, when such passage is only a portion of a complete journey beginning and terminating beyond the frontier of the Participant or non-Participant across whose territory a shipment passes.

Section II
Kimberley Process Certificate

Each Participant should ensure that:

(a) A Kimberley Process Certificate (hereafter referred to as the Certificate) accompanies each shipment of rough diamonds on export;

(b) Its processes for issuing Certificates meet the minimum standards of the Kimberley Process, as set out in section IV below;

(c) Certificates meet the minimum requirements set out in annex I. As long as these requirements are met, Participants may, at their discretion, establish additional characteristics for their own Certificates, for example their form, additional data or security elements;

(d) It notifies all other Participants through the Chair of the features of its Certificate, as specified in annex I, for purposes of validation.

Section III
Undertakings in respect of the international trade in rough diamonds

Each Participant should:

(a) With regard to shipments of rough diamonds exported to a Participant, require that each such shipment be accompanied by a duly validated Certificate;

(b) With regard to shipments of rough diamonds imported from a Participant:

(i) Require a duly validated Certificate;

(ii) Ensure that confirmation of receipt is sent expeditiously to the relevant exporting authority. The confirmation should as a minimum refer to the Certificate number, the number of parcels, the carat weight and the details of the importer and exporter;

(iii) Require that the original of the Certificate be readily accessible for a period of no less than three years;

(c) Ensure that no shipment of rough diamonds is imported from or exported to a non-Participant;

(d) Recognize that Participants through whose territory shipments transit are not required to meet the provisions of subparagraphs (a) and (b) above and of subparagraph (a) of section II above, provided that the designated authorities of the Participant through whose territory a shipment passes, ensure that the shipment leaves its territory in a state identical to that in which it entered its territory (i.e. unopened and not tampered with).

Section IV
Internal controls

Undertakings by Participants

1. Each Participant should:

(a) Establish a system of internal controls designed to eliminate the presence of conflict diamonds from shipments of rough diamonds imported into and exported from its territory;

(b) Designate an importing and an exporting authority (or authorities);

(c) Ensure that rough diamonds are imported and exported in tamper-resistant containers;

(d) As required, amend or enact appropriate laws or regulations to implement and enforce the Certification Scheme and to maintain dissuasive and proportional penalties for transgressions;

(e) Collect and maintain relevant official production, import and export data, and collate and exchange such data in accordance with the provisions of section V below;

(f) When establishing a system of internal controls, take into account, where appropriate, the further options and recommendations for internal controls elaborated in annex II.

Principles of industry self-regulation

2. Participants understand that a voluntary system of industry self-regulation, as referred to in the preamble to the present document, will provide for a system of warranties underpinned through verification by independent auditors of individual companies and supported by internal penalties set by industry, which will help to facilitate the full traceability of rough diamond transactions by governmental authorities.

Section V
Cooperation and transparency

Participants should:

(a) Provide to each other through the Chair information that identifies their designated authorities or bodies responsible for implementing the provisions of this Certification Scheme. Each Participant should provide to other Participants through the Chair information, preferably in electronic format, on its relevant laws, regulations, rules, procedures and practices, and update that information as required. This should include a synopsis in English of the essential content of this information;

(b) Compile and make available to all other Participants through the Chair statistical data in line with the principles set out in annex III;

(c) Exchange, on a regular basis, experiences and other relevant information, including on self-assessment, in order to arrive at the best practice in given circumstances;

(d) Consider favourably requests from other Participants for assistance to improve the functioning of the Certification Scheme within their territories;

(e) Inform another Participant through the Chair if it considers that the laws, regulations, rules, procedures or practices of that other Participant do not ensure the absence of conflict diamonds in the exports of that other Participant;

(f) Cooperate with other Participants to attempt to resolve problems which may arise from unintentional circumstances and which could lead to non-fulfilment of the minimum requirements for the issuance or acceptance of the Certificates, and inform all other Participants of the essence of the problems encountered and of the solutions found;

(g) Encourage, through their relevant authorities, closer cooperation among law enforcement agencies and among the customs agencies of Participants.

Section VI
Administrative matters

Meetings

1. Participants and Observers are to meet in plenary annually, and on other occasions as Participants may deem necessary, in order to discuss the effectiveness of the Certification Scheme.

2. Participants should adopt rules of procedure for such meetings at the first plenary meeting.

3. Meetings are to be held in the country in which the Chair is located, unless a Participant or an international organization offers to host a meeting and the offer is accepted. The host country should facilitate entry formalities for those attending such meetings.

4. At the end of each plenary meeting, a Chair would be elected to preside over all plenary meetings, ad hoc working groups and other subsidiary bodies which might be formed, until the conclusion of the subsequent annual plenary meeting.

5. Participants are to reach decisions by consensus. In the event that consensus proves to be impossible, the Chair is to conduct consultations.

Administrative support

6. For the effective administration of the Certification Scheme, administrative support will be necessary. The modalities and functions of that support should be discussed at the first plenary meeting, following endorsement by the General Assembly.

7. Administrative support could include the following functions:

(a) Serve as a channel of communication, information sharing and consultation among the Participants with regard to matters provided for in the present document;

(b) Maintain and make available for the use of all Participants a collection of the laws, regulations, rules, procedures, practices and statistics notified pursuant to section V above;

(c) Prepare documents and provide administrative support for plenary and working group meetings;

(d) Undertake such additional responsibilities as the plenary meetings, or any working group delegated by plenary meetings, may instruct.

Participation

8. Participation in the Certification Scheme is open on a global, non-discriminatory basis to all applicants willing and able to fulfil the requirements of the Scheme.

9. Any applicant wishing to participate in the Certification Scheme should signify its interest by notifying the Chair through diplomatic channels. This notification should include the information set forth in subparagraph (a) of section V above and be circulated to all Participants within one month.

10. Participants intend to invite representatives of civil society, the diamond industry, non-participating Governments and international organizations to participate in plenary meetings as Observers.

Participant measures

11. Participants are to prepare and make available to other Participants, in advance of annual plenary meetings of the Kimberley Process, information as stipulated in subparagraph (a) of section V above, outlining how the requirements of the Certification Scheme are being implemented within their respective jurisdictions.

12. The agenda of the annual plenary meetings is to include an item under which the information stipulated in subparagraph (a) of section V above is reviewed and Participants can provide further details of their respective systems at the request of the plenary.

13. Where further clarification is needed, Participants at plenary meetings, on the recommendation of the Chair, can identify and decide on the additional verification measures to be undertaken. Such measures are to be implemented in accordance with applicable national and international law. These could include, but need not be limited to, measures such as:

(a) Requesting additional information and clarification from Participants;

(b) Review missions by other Participants or their representatives where there are credible indications of significant non-compliance with the Certification Scheme.

14. Review missions are to be conducted in an analytical, expert and impartial manner with the consent of the Participant concerned. The size, composition, terms of reference and time frame of these missions should be based on the circumstances and be established by the Chair with the consent of the Participant concerned and in consultation with all Participants.

15. A report on the results of compliance verification measures is to be forwarded to the Chair and to the Participant concerned within three weeks of completion of the mission. Any comments from that Participant, as well as the report, are to be posted on the restricted access section of an official Certification Scheme web site no later than three weeks after the submission of the report to the Participant concerned. Participants and Observers should make every effort to observe strict confidentiality regarding the issue and the discussions relating to any compliance matter.

Compliance and dispute prevention

16. In the event that an issue regarding compliance by a Participant or any other issue regarding the implementation of the Certification Scheme arises, any concerned Participant may so inform the Chair, who is to inform all Participants without delay about the said concern and enter into dialogue on how to address it. Participants and Observers should make every effort to observe strict confidentiality regarding the issue and the discussions relating to any compliance matter.

Modifications

17. The present document may be modified by consensus of the Participants.

18. Modifications may be proposed by any Participant. Such proposals should be sent in writing to the Chair, at least ninety days before the next plenary meeting, unless otherwise agreed.

19. The Chair is to circulate any proposed modification expeditiously to all Participants and Observers and place it on the agenda of the next annual plenary meeting.

Review mechanism

20. Participants intend that the Certification Scheme should be subject to periodic review in order to allow Participants to conduct a thorough analysis of all elements contained in the Scheme. The review should also include consideration of the continuing requirement for such a scheme, in view of the perception of the Participants and of international organizations, in particular the United Nations, of the continued threat posed at that time by conflict diamonds. The first such review should take place no later than three years after the effective starting date of the Certification Scheme. The review meeting should normally coincide with the annual plenary meeting, unless otherwise agreed.

Start of the implementation of the Scheme

21. The Certification Scheme should be established at the Ministerial Meeting on the Kimberley Process Certification Scheme for Rough Diamonds, at Interlaken, Switzerland, on 5 November 2002.

Annex I
Certificates

A. Minimum requirements for Certificates

1. A Certificate is to meet the following minimum requirements:

(a) Each Certificate should bear the title "Kimberley Process Certificate" and the following statement: "The rough diamonds in this shipment have been handled in accordance with the provisions of the Kimberley Process Certification Scheme for rough diamonds";

(b) Country of origin for shipment of parcels of unmixed (i.e. from the same) origin;

(c) Certificates may be issued in any language, provided that an English translation is incorporated;

(d) Unique numbering with the Alpha 2 country code, according to ISO 3166-1;

(e) Tamper and forgery resistant;

(f) Date of issuance;

(g) Date of expiry;

(h) Issuing authority;

(i) Identification of exporter and importer;

(j) Carat weight/mass;

(k) Value in United States dollars;

(l) Number of parcels in shipment;

(m) Relevant Harmonized Commodity Description and Coding System;

(n) Validation of Certificate by the exporting authority.

B. Optional Certificate elements

2. A Certificate may include the following optional features:

(a) Characteristics of a Certificate (e.g. as to form, additional data or security elements);

(b) Quality characteristics of the rough diamonds in the shipment;

(c) A recommended import confirmation part should have the following elements:

(i) Country of destination;

(ii) Identification of importer;

(iii) Carat/weight and value in United States dollars;

(iv) Relevant Harmonized Commodity Description and Coding System;

(v) Date of receipt by importing authority;

(vi) Authentication by importing authority.

C. Optional procedures

3. Rough diamonds may be shipped in transparent security bags.

The unique Certificate number may be replicated on the container.

Annex II
Recommendations as provided for in section IV, paragraph 1 (f)

General recommendations

1. Participants may appoint an official coordinator (or coordinators) to deal with the implementation of the Certification Scheme.

2. Participants may consider the utility of complementing and/or enhancing the collection and publication of the statistics identified in annex III, based on the contents of Kimberley Process Certificates.

3. Participants are encouraged to maintain the information and data required by section V on a computerized database.

4. Participants are encouraged to transmit and receive electronic messages in order to support the Certification Scheme.

5. Participants that produce diamonds and that have rebel groups suspected of mining diamonds within their territories are encouraged to identify the areas of rebel diamond mining activity and provide this information to all other Participants. This information should be updated on a regular basis.

6. Participants are encouraged to make known the names of individuals or companies convicted of activities relevant to the purposes of the Certification Scheme to all other Participants through the Chair.

7. Participants are encouraged to ensure that all cash purchases of rough diamonds are routed through official banking channels, supported by verifiable documentation.

8. Participants which produce diamonds should analyse their diamond production under the following headings:

(a) Characteristics of diamonds produced;

(b) Actual production.

Recommendations for control over diamond mines

9. Participants are encouraged to ensure that all diamond mines are licensed and to allow only those mines so licensed to mine diamonds.

10. Participants are encouraged to ensure that prospecting and mining companies maintain effective security standards to ensure that conflict diamonds do not contaminate legitimate production.

Recommendations for Participants with small-scale diamond mining

11. All artisinal and informal diamond miners should be licensed and only those persons so licensed should be allowed to mine diamonds.

12. Licensing records should contain the following minimum information: name, address, nationality and/or residence status, and area of authorized diamond mining activity.

Recommendations for rough diamond buyers, sellers and exporters

13. All diamond buyers, sellers, exporters, agents and courier companies involved in carrying rough diamonds should be registered and licensed by each Participant's relevant authorities.

14. Licensing records should contain the following minimum information: name, address, and nationality and/or residence status.

15. All rough diamond buyers, sellers and exporters should be required by law to keep, for a period of five years, daily buying, selling or exporting records listing the names of buying or selling clients, their licence number and the amount and value of diamonds sold, exported or purchased.

16. The information in paragraph 15 above should be entered into a computerized database so as to facilitate the presentation of detailed information relating to the activities of individual rough diamond buyers and sellers.

Recommendations for export processes

17. An exporter should submit a rough diamond shipment to the relevant exporting authority.

18. The exporting authority is encouraged, prior to validating a Certificate, to require an exporter to provide a declaration that the rough diamonds being exported are not conflict diamonds.

19. Rough diamonds should be sealed in a tamper-proof container, together with the Certificate or a duly authenticated copy. The exporting authority should then transmit a detailed e-mail message to the relevant importing authority, containing information on the carat weight, value, country of origin or provenance, importer and the serial number of the Certificate.

20. The exporting authority should record all details of rough diamond shipments on a computerized database.

Recommendations for import processes

21. The importing authority should receive an e-mail message either before or upon arrival of a rough diamond shipment. The message should contain such details as the carat weight, value, country of origin or provenance, exporter and the serial number of the Certificate.

22. The importing authority should inspect the shipment of rough diamonds in order to verify that the seals and the container have not been tampered with and that the export was performed in accordance with the Certification Scheme.

23. The importing authority should open and inspect the contents of the shipment in order to verify the details declared on the Certificate.

24. Where applicable and when requested, the importing authority should send the return slip or import confirmation coupon to the relevant exporting authority.

25. The importing authority should record all details of rough diamond shipments on a computerized database.

Recommendations on shipments to and from free trade zones

26. Shipments of rough diamonds to and from free trade zones should be processed by the designated authorities.

Annex III
Statistics

Recognizing that reliable and comparable data on the production and the international trade in rough diamonds are an essential tool for the effective implementation of the Certification Scheme, and in particular for identifying any irregularities or anomalies which could indicate that conflict diamonds are entering the legitimate trade, Participants strongly support the following principles, taking into account the need to protect commercially sensitive information:

(a) To keep and publish within two months of the reference period and in a standardized format, quarterly aggregate statistics on rough diamond exports and imports, as well as the numbers of Certificates validated for export, and of imported shipments accompanied by Certificates;

(b) To keep and publish statistics on exports and imports, by origin and provenance, wherever possible, by carat weight and value, and in accordance with

the relevant Harmonized Commodity Description and Coding System classifications 7102.10, 7102.21 and 7102.31;

(c) To keep and publish, on a semi-annual basis and within two months of the reference period, statistics on rough diamond production by carat weight and by value. In the event that a Participant is unable to publish these statistics, it should notify the Chair immediately;

(d) To collect and publish these statistics by relying in the first instance on existing national processes and methodologies;

(e) To make these statistics available to an intergovernmental body or to another appropriate mechanism identified by the Participants for (i) compilation and publication on a quarterly basis in respect of exports and imports, and (ii) on a semi-annual basis in respect of production. These statistics are to be made available for analysis by interested parties and by the Participants, individually or collectively, according to such terms of reference as may be established by the Participants;

(f) To consider statistical information pertaining to the international trade in and production of rough diamonds at annual plenary meetings, with a view to addressing related issues and to supporting effective implementation of the Certification Scheme.

Appendix

Interim statement by the Chair issued on 12 December 2002

The Chair of the Kimberley Process was requested to pursue consultations on the definition of Participant as laid down in the document entitled "Kimberley Process Certification Scheme", adopted at the ministerial meeting of the Kimberley Process in Interlaken, Switzerland, on 5 November 2002.

While these consultations have not yet led to a final result, the Chair has been able to conclude that, notwithstanding the provisions of the Kimberley Process Certification Scheme, Participants in the Scheme accept that, for the duration of these consultations, paragraph C of section III of said document shall not apply in respect of shipments to and from rough diamond trading entities that have been found by Participants to fulfil all requirements of the Kimberley Process Certification Scheme, notably paragraphs 11 to 16 of section VI of said document, and that have notified Participants, through the Chair of the Kimberley Process, accordingly.

This statement forms part of the official record of the Kimberley Process negotiation.